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March 31, 2015

Mr. Kenneth Bruno, P.E.
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Dear Mr. Bruno:

The staff of the Safety and Enforcement Division (SED) conducted a General Order (GO) 112-E Comprehensive Operation and Maintenance Inspection of Southern California Gas Company's (SCG) Northern – Coastal Distribution Inspection Unit (Inspection Unit) on February 24-28, 2014. The inspection included a review of the Inspection Unit's records for calendar year 2013 and random inspections of pipeline facilities in the San Luis Obispo and Santa Maria districts. SED staff also reviewed the Inspection Unit's operator qualification records, which included field observation of randomly selected individuals performing covered tasks.

SED staff did not identify any probable violations of GO 112-E, Reference Title 49 Code of Federal Regulations (CFR), Part 192. However, SCG submitted its Internal Audit Findings documentation that contained non-compliances to SED. These non-compliances are noted as Inspection Findings. SED also identified one recommendation. Attached is SoCalGas' written response to Inspection Findings and the recommendation.

Please feel free to contact me at (213) 305-8660, if you have any questions or need additional information.

Sincerely,

Sincerely,
W. Jeff Koskie

CC: Michelle Wei, SED/GSRB
Kan-Wai Tong, SED/LA

ATTACHMENTS

Attachment I

Inspection Findings

SCG Internal Audit Findings

1. Title 49 CFR Part 192, Section 192.13(c) – General Requirements

“Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.”

SCG Procedure 223.0125 – Leak Classification and Mitigation Schedules

“Section 4.1.2.1.1 – Code 2 leak indications shall be repaired or cleared no later than 15 months from the date the leak was reported.”

“Section 4.1.3.1 – Code 3 leak indications shall be reevaluated within 15 months of the date reported...”

A. SCG discovered and notified SED that the Inspection Unit repaired two Code 2 leaks beyond the 15 month compliance window (see Attachment 1 for details). The two leaks were originally discovered on May 23, 2012 and October 22, 2012. The Inspection Unit discovered these outstanding leak repairs while reviewing its exception reports. The leaks were permanently repaired on August 28, 2013 and February 10, 2014, respectively. SED found SCG in violation of Title 49 CFR, Part 192, Section 192.13(c).

Response

In both instances above, SCG performed final repairs beyond the 15-month compliance period by five to 19 days. An electronic exception database appropriately tracked both leaks, but supervisors did not assure work was completed within the compliance windows. Corrective actions include There regions have an internal weekly compliance tracking/reporting mechanism called the “Tuesday Compliance Audit Report” generated by the leakage clerks. The report lists all pending and open compliance orders and their due dates. Supervisors are required to review the Tuesday Audit and provide a response to the leakage clerk as to when the order will be worked and or completed. The supervisor communicates with ARSO/dispatch to ensure the compliance order is scheduled/dispatched prior to the due date.

B. SCG discovered and notified SED that the Inspection Unit re-inspected two Code 3 leaks beyond the 15 month compliance window (see Attachment 1 for details).

I. Leak object 600262527 was initially discovered on September 18, 2009. It missed its re-evaluate date due to program issues with a new software system. A SCG compliance team notified the Inspection Unit that the leak object was still active on November 12, 2012. Upon further research, the Inspection Unit discovered that the leak had been permanently repaired

on September 5, 2012. SCG has made many changes and updates to the software since the error occurred and implemented an additional report to monitor Code 3 leaks. SED found SCG in violation of Title 49 CFR Part 192, Section 192.13(c).

Response

As mentioned in SED's summary, a programming error in associated software led to the failure to identify this leak for future re-evaluation. During review by the compliance assurance team, SCG discovered the leak was active but not subject to re-evaluation. SCG took immediate steps to respond to the leak and found, through investigation, that the leak had been repaired nearly two months prior.

Since this issue occurred, SCG has implemented new enhancements to technologies.

- II. Leak object 600278636 was initially discovered on February 23, 2006. It was discovered past the re-evaluate date during a compliance review on October 4, 2013. The leak re-evaluate inspection was completed that same day. No hazardous conditions were found during the inspection. SED found SCG in violation of Title 49 CFR Part 192, Section 192.13(c).

Response

SCG changed this leak object to a re-evaluate status in the compliance software with a due date outside the compliance window. As a result, SCG performed a re-evaluation outside the compliance window. Corrective action includes increased routine review of compliance reports by supervisors to assure accuracy and timeliness of actions.

2. Title 49 CFR Part 192, Section 192.465(a) – External Corrosion Control: Monitoring

“Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months... However if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.”

- A. SCG discovered and notified SED that the Inspection Unit did not test the cathodic protection on 2,200 feet of 6-inch medium pressure main in Canoga Park district since its installation in 1974. SCG discovered the problem on February 7, 2013 and performed a field inspection of the pipeline the same day. This pipeline was connected to two other CP areas via ETS stations. SCG took cathodic protection (CP) readings at five points along the pipe segment and found them all within the minimum tolerance level for the -

850mV criteria. SCG decided to make the segment into a new CP area and designated it LA1565-C. SCG did not conduct cathodic protection pipe-to-soil test on a 2,200 feet of 6-inch medium pressure pipeline main in Canoga Park district since its installation in 1974. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.465(a).

Response

SCG installed this section of piping with cathodic protection but did not enter it into the electronic CP system, which would generate compliance work orders, including orders to perform pipe-to-soil readings. Upon discovery, SCG took pipe-to-soil readings immediately and found all readings were within compliance. SCG placed this section of piping into the electronic CP tracking system to assure compliance going forward.

- B. SCG discovered and notified SED that the Inspection Unit did not test the cathodic protection on six isolated short CP sections of pipeline from 24 to 30 years. See Attachment 2 for a list of all the pipeline sections involved and resulting actions taken. Five sections were discovered during review of GIS data. The remaining section was discovered while conducting follow up on a leakage report. SCG did not test the cathodic protection on six isolated short CP sections of its pipeline for over 24 years. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.465(a).

Response

During ongoing review of leak survey orders and GIS data, SCG identified the above-mentioned sections of piping as isolated sections of piping requiring cathodic protection but not currently being tracked in our electronic CP system. Upon discovery, SCG replaced each section of piping with plastic or checked it for cathodic protection and placed it into the electronic CP system to assure compliance going forward.

3. Title 49 CFR Part 192, Section 192.465(b) – External Corrosion Control: Monitoring

“Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2 ½ months, to ensure that it is operating.”

SCG discovered and notified SED that the Inspection Unit missed the required bi-monthly inspection of two rectifiers because the reads were mistakenly posted as annual reads when created in SAP. The rectifier for CP package MNSN001 was installed in September 2012 and SCG failed to perform the bi-monthly rectifier reads from November 2012 to January 2014, with the exception of October 2013. The rectifier for CP package WDV002 was installed in February 2013 and SCG failed to perform the bi-monthly rectifier reads for March and May of 2013. The clerks who made the initial errors are no longer performing this job, but the current clerks have been advised to carefully check read point additions in

SAP to ensure they have been entered with the correct maintenance cycle. Both areas have been within tolerance since the installation of the rectifiers. SCG failed to perform the bi-monthly rectifier reads for rectifier CP package MNSN001 and WDV002. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.465(b).

Response

SCG took corrective actions as identified in the SED description above. Both rectifiers are now properly entered into the electronic CP system, assuring timely generation of bi-monthly rectifier reads.

4. Title 49 CFR Part 192, Section 192.481(a) – Atmospheric Corrosion Control: Monitoring

*“Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion as follows:
If the pipeline is located onshore then the frequency of inspection is: at least once every 3 calendar years but with intervals not exceeding 39 months.”*

SCG discovered and notified SED that the Inspection Unit missed the one to six inspection cycles on six spans of pipe. The Inspection Unit identified the first two spans when an employee was conducting a routine patrol. The employee suspected that the spans were not part of an active Bridge and Span inspection cycle. As a result, the Inspection Unit initiated a review of all bridges and spans in the district and identified two more that did not have an inspection cycle assigned. Finally, the last two spans were discovered as a result of a review of the improved data from the Inspection Unit’s GIS mapping system. See Attachment 3 for further span details. All spans have been part of regular leak survey inspections with no leaks since 2009. All spans were found in good condition except the one noted. SCG failed to perform six inspection cycles on six pipeline spans. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.481(a).

Response

When the district discovered two spans were not identified in the Bridge and Span inspection system, the district immediately performed a review of records and field observations, along with review of the GIS mapping system, discovering an additional four spans that were not in the Bridge and Span inspection system. SCG immediately placed all of these spans in the system and performed inspections. SCG found five spans with no abnormal conditions. One span had rust, which was subsequently removed and recoated.

5. Title 49 CFR Part 192, Section 192.723(b)(1)&(2) – Distribution Systems: Leakage Surveys

“(1) A leakage survey with leak detector equipment must be conducted in business districts... at intervals not exceeding 15 months, but at least once each calendar year.

(2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months. However, for cathodically unprotected distribution lines... a leakage survey must be conducted at least once every 3 calendar years at intervals not exceeding 39 months.”

SCG discovered and notified SED that the Inspection Unit missed the required leak survey inspection on 21 segments of pipe. See Attachment 4 for pipe lengths and locations. Eight of these segments were discovered during routine office review, two were discovered by a leakage control clerk, and 11 were identified due to Sempra's improved GIS mapping system. The 11 that were identified via the GIS system had been on a 5-year cycle for leak surveys since installation, but the improved accuracy in the mapping system revealed that they were supposed to be on 3-year cathodically unprotected steel cycles. Gas leak surveys were performed on all segments after discovery. There were no leaks found on any of the pipeline segments in question and pipe segments were assigned new routine inspection periods as appropriate. SCG failed to conduct leakage survey of cathodically unprotected pipeline segments at appropriate frequencies. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.723(b)(1)&(2).

Response

SCG continues to utilize GIS to verify that leakage survey frequency is appropriate for each section of piping. This tool has been and continues to be extremely effective in identifying unprotected steel piping, which triggers a three-year leak survey inspection cycle. As these changes in survey cycle are identified, the regions are notified of the change. The regions then investigate to determine if there are conversion errors from when our legacy database was converted to the new GIS system. Further review of office records is conducted to validate the change and when necessary field investigations are completed. In all of the cases noted above, leak surveys performed have identified no hazardous leakage and the pipe brought into compliance and reported to SED.

6. Title 49 CFR Part 192, Section 192.705(b) – Transmission Lines: Patrolling

“The frequency of patrols... may not be longer than prescribed in the following table:

<i>Class location of line</i>	<i>Maximum interval between patrols</i>	
	<i>At highway and railroad crossings</i>	<i>At all other places</i>
<i>1,2</i>	<i>7 ½ months; but at least twice each calendar year.</i>	<i>15 months; but at least once each calendar year.</i>
<i>3</i>	<i>4 ½ months; but at least four times each calendar year.</i>	<i>7 ½ months; but at least twice each calendar year.</i>
<i>4</i>	<i>4 ½ months; but at least four times each calendar year.</i>	<i>4 ½ months; but at least four times each calendar year.</i>

SCG discovered and notified SED that the Inspection Unit did not patrol two segments of a high pressure supply line quarterly as required at highway and railroad crossings in a Class 3 area. The non-compliance was discovered during a review of other completed work. The entire line had been on a semi-annual patrol since installation with no issues. The segments had been last inspected on August 28, 2013. The Inspection Unit discovered the non-compliance on December 11, 2013 and completed the inspection the next day, missing the inspection deadline by about two weeks. The Inspection Unit now has the two segments on quarterly inspection cycles. SCG did not conduct quarterly patrolling of two high pressure supply pipeline segments that intersect highway and railroad crossings in a Class 3 area as required by this section. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.705(b).

Response

While reviewing completed work relating to a de-rate of SL 45-163 and corresponding updates to the Pipeline Patrol in SAP that had been requested by Region Engineering, a supervisor discovered two of the new segments had been identified as Class 3 and put on quarterly patrol due to railroad and highway crossings. Further review revealed the two new segments had been part of a segment recently deactivated per the de-rate request. This segment had previously been on semi-annual Pipeline Patrol (last inspected 8/28/2013), and there is no indication after reviewing the records that it had been patrolled quarterly.

SCG does not believe the missed quarterly inspections resulted in any unsafe conditions, as the line has been patrolled semi-annually with no issues. A review of records in SAP by our clerk showed that no AOCs have been noted on the line going back to 2/14/2011.

7. Title 49 CFR Part 192, Section 192.739(a) – Pressure limiting and regulating stations: Inspection and testing

“Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year to inspections and tests...”

SCG discovered and notified SED that the Inspection Unit missed the inspection of one valve during a regulator station inspection of ID1680-N, located northwest of the intersection of Isaac Rd. and Worth St. in Valley Acres, Bakersfield district. The station inspection was completed on October 18, 2013. The prior year’s inspection had been completed on August 24, 2012. An SCG technician noticed that the valve had not been inspected during a review on December 11, 2013. The valve was inspected later that same day. The 15 month deadline was missed by about one month. SCG failed to conduct annual inspection of one valve in the regulator station ID 1680-N, during the annual regulator station inspections in 2013. Therefore, SCG is in violation of Title 49 CFR Part 192, Section 192.739(a).

Response

A Lead M&R technician ran a routine work report to look for open orders on December 11, 2013. In prioritizing the orders on this list, the technician placed attention on orders with work left to perform. In the review of the electronic report, the order for ID1680 indicated the station had been inspected, but the order was not complete. The Lead M&R technician checked with the field technician and found the station was inspected on October 18, 2013, but one of the valves had not been inspected.

Once it was determined that the valve had not been inspected during the annual scheduled inspection, the original electronic order was reissued and completed on December 11, 2013. The inspection found all equipment functioning properly. The inspection information was automatically entered into the SAP database.

The field technician was reminded of the importance of notifying the Lead or a supervisor when work to perform an inspection is not completed in its entirety.

Attachment II

Recommendations and Concerns

During the course of its field investigation, SED inspected pipeline span S047 in the Santa Maria district. At the time of inspection, the span was not exposed and the pipeline marker had been knocked down due to extensive earth movement in the agricultural field where it was located. The SCG cycle of inspection for a span is once every two years. SED recommends that SCG place this span on an accelerated inspection cycle to ensure pipeline markers are present at all time to warn excavators about the presence of pipeline and prevent damage to the pipe.

Response

At the time of the audit visit, SCG determined this piping would no longer be a span. Irrigation work for agricultural field has changed water flow, and piping is no longer exposed. This piping will remain on span inspection cycle for one more inspection and will then be removed from span database.

During inspection of this location on March 20, 2015, SCG found pipeline markers in place with no sign of damage or disruption.